

ATIR (11-7a)

29 October 1997

MEMORANDUM FOR OASA(FM) SAFM-FOI, WASH DC 20310-0109

SUBJECT: Information Requirements for Semiannual Report to Congress, RCS-IG(SA) 1717 (1 April to 30 September 1997)

1. Subject report follows.

2. Our point of contact is Mr. Gentry, e-mail address gentryw@emh10.monroe.army.mil or DSN 680-3946,.

FOR THE CHIEF, OFFICE OF INTERNAL REVIEW AND AUDIT
ACOMPLIANCE:

///signed///

W.R. GENTRY
Senior Auditor

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997

Audit Report Code 0997-1, Follow-up To USAAA Audit of Causeway Equipment. During a follow-up of a USAAA audit, internal review auditors identified and compared options to correct deficiencies concerning the capability of a tenant activity to sandblast, paint, and repair non-powered modular causeway sections. Auditors concluded that on-site maintenance is possible through an amendment to a Directorate of Logistics contract. On-site maintenance would make fuller use of an existing sandblasting facility and make a proposed Tactical Vehicle Paint Facility project more viable. This maintenance option could save the Army \$686,000 per year or \$4,116,000 over the POM years. Contracting could award a competitive indefinite delivery -- indefinite quantity contract if necessary to supplement on-site maintenance.

Audit Report Code 0997-02, Fort Benjamin Harrison FY 96 and 97 Utility Reimbursements. Audit objective was to review the relationship between the Army and the Fort Harrison Reuse Authority (FHRA) and determine if the FHRA reimbursed the Army for their share of utility charges. Internal review auditors concluded that utility reimbursements were in arrears in the amount of \$17,800. If the Defense Accounting Office did not change procedures, the FHRA would accumulate a \$58,000 outstanding receivable by the end of FY97. Auditors recommended that Defense Accounting Office (DAO) notify the FHRA of past due outstanding debts and request immediate payment. Auditors also recommended DAO deduct outstanding debts before making any payments to the FHRA. Additionally, auditors recommended DAO impose Debt Collection Act penalties for late payments of debts owed to the United States.

Audit Report Code 0997-03, Workers' Compensation Program. Internal review auditors made the audit to determine if management effectively administered the Workers' Compensation Program. Auditors found that the administrator did not always take actions to return to work former employees receiving long-term compensation when medical evidence showed they had sufficiently recovered. Medical data showed that seven former employees could have returned to work 4 to 14 years ago. Also, the administrator did not obtain the most current medical data, even though it was

necessary to determine if the former employees were able to work.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997
(Continued)

Medical data was not available for 3 of 19 employees. The data for the remaining 16 employees was from 2 to 27 years old.

Audit Report Code 0997-04, Control of Costs--Service Orders. Internal review made the audit to evaluate actions taken to control costs chargeable to service orders on the cost reimbursable engineer contract. Auditors found that a work management program did not exist to ensure effectiveness and productivity in the contract workforce. We observed workers were sometimes idle, used government vehicles for personal use, drove excessive miles, started work late and ended work early, and did not always accurately report times used to perform work. We suggested actions that will result in monetary benefits of about \$111,000 annually.

Audit Report Code 0997-05, Contract Offloads. Internal review made the audit to determine if management made contract offloads in accordance with regulatory requirements. Auditors found that contract offloads frequently occurred. Generally management did not coordinate offloads with either the Directorate of Contracting or the Staff Judge Advocate. Offloads in FY 96 and FY 97 cost an additional \$204,000 in service charges to the awarding contracting office.

Audit Report Code 0997-06, Accountability of Credit Card Purchases. The audit objective was to determine if receiving activities properly accounted for property items purchased using the IMPAC Card. The review found that activities did not record about 10.5 percent (about \$160,000 worth) of the accountable property items purchased during the year on the installation property book. The report contained seven recommendations to help installation activities identify and include accountable items purchased with the IMPAC Card on the installation property book.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997
(Continued)

Audit Report Code 0997-07, Longbow Transportation Review. The installation Chief of Staff tasked internal review to develop a transportation plan for aircrews and maintenance personnel attending the Longbow Apache transition course in Mesa, Arizona. The original proposal for the time period called for using 15 seven passenger vans at a cost of \$107,594. We were able to develop a plan using 7 fifteen passenger vans costing \$70,000 saving \$37,594 over the training period.

Audit Report Code 0997-08, Aviation Fire Department Risk Assessment. The installation Chief of Staff requested an in-depth risk assessment of the Aviation Fire Department. The review revealed that regulatory guidance no longer required P-19 fire truck coverage for the AH-64 and UH-60 aircraft. The Fire Chief and command officials accepted internal review recommendations with a one -- time cost savings of \$1.4 million and \$1.8 million annually.

Audit Report Code 0997-09, Transportation Division, Movements Branch. Internal review conducted an audit of at the Directorate of Public Works and Logistics. The overall objective was to determine if the Movements Branch had utilized the most economical shipment mode for household good shipments weighing less than 500 pounds. The audit disclosed that the Transportation Division, Movements Branch did not use the most effective method for shipping household goods that had a 500 pound limit. Auditors estimated that the Transportation Division overpaid approximately \$14,000 on shipments made from January through March 1997.

Audit Report Code 0997-10, the Directorate of Environment (DOE) VISA Credit Card Purchases. Internal Review conducted the audit at the request of the Director of Contracting. The audit objective was to determine if there were instances of noncompliance with the installation SOP. The audit disclosed that the Directorate of Environment's VISA Credit Card purchase procedures sometimes deviated from the installation SOP guidance. Auditors found that the DOE paid some FY96 services with FY97 funds and made late payments for services. Auditors also found that management bought services from commercial vendors instead of government sources that could and should have done the work.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997
(Continued)

Additionally, auditors identified purchases made by unauthorized persons. The audit also revealed management made purchases that circumvented the \$2500 single purchase limit.

Audit Report Code 0997-11, Central Receiving Point Warehouse. The audit objective was to determine if procedures were in place to ensure accountability of goods received in the CRP warehouse. Auditors found:

- Warehouse personnel stored boxes in the CRP warehouse because customers did not pick up their goods in a timely manner.
- CRP warehouse personnel did not identify and/or notify customers when goods were available for pick-up.
- CRP personnel had insufficient documentation to identify the customers, inaccurate signature cards, and the followup procedures used if customers did not pickup goods in a timely manner were weak.

Auditors worked with the Directorate of Logistics (DOL) and the Directorate of Contracting (DOC) to streamline procedures used for receiving goods. DOL will test direct delivery with some select hand receipt holders. This will allow goods to bypass the CRP and be delivered directly to the customers. If the test works, management will expand direct deliveries to the other hand receipt holders. Also, DOC has agreed to input hand receipt numbers on purchase orders to aid the warehouse personnel in identifying the customers.

Audit Report Code 0997-12, Airline Ticket Price Validation. The overall audit objective was to determine if management was using appropriate methodology for validating ticket prices for official Government travel. Auditors found that the Directorate of Logistics personnel were validating all ticket prices rather than random sampling as prescribed by the Military Traffic Management Command contract. The contract only requires that ticket prices be random sampled at the 95% confidence interval level. Also, management did not prepare Contract Discrepancy Reports when the contractor was out of tolerance with the performance levels contained in the Performance Requirements Summary of the contract.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997
(Continued)

Additionally, the contractor's Quality Control Plan was not operating effectively. There was no system in place to verify that the installation was receiving the money due from Carlson Travel. Consequently, there was an unexplained difference between the amounts Carlson paid to the installation for its percentage of official travel and the amounts it should have paid the Government. In CY 96 the potential monetary benefits are \$12,000; the difference between the actual reimbursement and the amount that Carlson Travel should have reimbursed.

Audit Report Code 0997-13, Recycling Reimbursements. The overall objective was to determine if problems exist in receiving reimbursement for items sold through the local Defense Reutilization and Marketing Office (DMRO). Auditors found that there were no management controls in place to ensure DMRO personnel recorded receivables in the accounting records and the installation actually received funds that were due. The normal process for turn in of recyclables takes between three to four months before the installation receives reimbursement. Included in this process is a one to two month delay waiting for the purchaser to pick up the material after contracting awards the contract. The purchaser does not make payment to the installation for the recycled material until after the final shipment or pick-up.

Audit Report Code 0997-14, American Express Travel Payments. Many problems existed with Installation Transportation Offices' American Express accounts and the bill payment process. American Express frequently informed Deputy Chief of Staff for Base Operations and the installations of delinquent account balances. Yet, delinquent accounts were unavoidable due to the complexity of the payment process. The time table for processing payments in accordance with the Prompt Payment Act is not practical. ITO had numerous problems processing bills for payment. Additionally, management did not have controls in place for ITO to properly monitor balances due to American Express. In spite of these problems, four out of five installations did not incur significant interest penalties. Allowing the use of individual government credit card as the primary method of purchasing airline tickets would avoid costs to the MACOM of about \$225,536 annually or \$1,353,216 over the POM years.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Significant Audit Reports
For the Report Period
1 April through 30 September 1997
(Continued)

Audit Report Code 0997-15, Property Accountability - Deployable Operations Group. Management needed to improve controls over property transfers and authorizations. Management did not always ensure that accountable records were accurate or fully supported. Management also processed transfer documents without the approvals of either losing or gaining property book officers.. Additionally, project managers directed shipments of training aids without coordinating efforts through the appropriate channels. Hand receipt holders did not follow established procedures for conducting inventories. Consequently, hand receipt holders did not perform inventories at the prescribed intervals. Additionally, hand receipt holders did not store property in a secure facility to prevent possible unauthorized access.

Audit Report Code 0997-16, Carlson Wagonlit Travel (CWT) Contract. The CWT contract provides for the Army and the Morale Welfare Fund to receive millions in a portion of travel agent commissions. However, a MACOM's installations were not adequately monitoring and enforcing requirements of the CWT contract. Further, the MACOM responsible for administering the contract has lent support to poor performance by ignoring complaints from the installations and providing inadequate monitoring standards. Consequently, the Army incurred significant losses in the form of higher fares, lost CWT payments, excessive government personnel time, and prompt payment interest penalties. Intensifying the monitoring of contract fare use at four installations identified in the audit report would avoid costs to the Army of about \$1,174,040 annually or \$7,044,240 over the POM years.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Prevention Efforts
and Management Improvements
For the Report Period
1 April through 30 September 1997

Internal review offices throughout the command have made extensive use of information and data bases available through the INTERNET in order to efficiently accomplish its audit work. TRADOC IR's regularly requested and exchanged information via FAX and e-mail with other Internal Review offices throughout the Army. MACOM IR's made extensive use of e-mail in order to promptly inform their command of the results of its audit efforts as well as keep their command and staff fully apprised of external audit engagements.

One Internal Review Officer met with municipal jail administrator to discuss the use of civilian inmate labor for grass cutting and general ground's maintenance. The IR subsequently prepared an economic analysis and cost estimate as the first steps in laying the groundwork for a possible inmate labor agreement.

ACTIVITY BASED COSTING (ABC). The Activity Based Costing initiative, under the leadership of one Chief of Internal Review, has expanded to all of the directorates of the installation. ABC models are being built for the Directorates of Human Resources, Management Information, Engineering and Housing, Public Safety and Resource Management. Assistance is being provided by USAAA, the Army Cost and Economic Analysis Center, West Point, and Coopers and Lybrand. In addition, Dr. Geiger of the University of California is conducting a special pilot project to integrate the concepts of cost management into current garrison management practices. On 5 NOV 97, the Chief of Internal Review is briefing the ASAFM on this initiative.

HAZARDOUS MATERIAL MINIMIZATION CENTER or HAZMART. An auditor in one internal review office successfully sold her idea for a hazardous material minimization program to the command. She is the Project Leader for development and implementation of the total program. The HAZMART objective is reduction of hazardous waste through centralized single-point control of all hazardous materials used on the installation. The auditor's skill and subject matter expertise allowed her to put together a successful BOLD Grant request. As a result, the MACOM awarded \$ 246,000 to the installation in FY 96, to build a facility and start the program. This auditor also put together a successful BOLD

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Prevention Efforts
and Management Improvements
For the Report Period
1 April through 30 September 1997
(Continued)

Grant package for FY 97. The MACOM awarded the installation \$ 300,000 for operation of the HAZMART for FY 97. Total cost avoidance savings earned by the HAZMART, in the 1st year of operation, are over \$ 128k.

INTEGRATED SUSTAINMENT MAINTENANCE (ISM). The overall objective of the IR is to bring installation "on-line" in the ISM program. IR accomplished the objective as the installation is now participating in the bidding process for new maintenance work. Internal Review took the initiative in the implementation of the ISM Program at the installation. The program requires the installation to bid on internal and external maintenance work. The IR auditor accumulates cost data, refines the methodology used in developing the ISM rate and finally, computes the rate that the installation uses in the bidding process. The process, called "Cost Mapping," is performed on an annual basis. Additionally, the auditor disseminates information to DRM and DOL managers, on potential budgetary impact of ISM. The auditor also provides reimbursement procedures to DRM, for work done for other installations. Throughout the year the auditor conducts ISM meetings with DRM, DOL, DEH, and the maintenance contractor, and makes TDY trips to obtain new information that benefits the installation's ISM Program. Additionally, the auditor attends Semi-Annual Planning, Production & Control meetings, and provides rate and cost information to higher headquarters. FY 97 monetary savings to the installation, will be available November 1997.

ARMY PERFORMANCE IMPROVEMENT CRITERIA (APIC) SELF-ASSESSMENT TEAM. At one installation command asked IR to participate in the 1998 Army Community of Excellence (ACOE) submission process. Their objective was to provide assistance to Command by participating in the APIC discipline approach for the 1998 ACOE submission. Command tasked IR to be team leader for Category 7 -- Business Results with responsibility for presenting graphically the installation's performance efficiencies. The team's effort resulted in the MACOM rating the installation's submission in the top three.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Synopsis of Prevention Efforts
and Management Improvements
For the Report Period
1 April through 30 September 1997
(Continued)

The MACOM forwarded the installation's submission to Department of the Army to compete against 18 other active Army finalists. The installation hopes to increase last year's \$100,000 award to either a \$200,000 finalist award or the prestigious "Commander-In-Chief" \$500,000 award.

Many activities at one installation contacted the internal review office for guidance on funding and appropriation issues prior to completing actions. This proactive or real time audit approach avoids unnecessary negative findings during subsequent audits.

U.S. ARMY TRAINING AND DOCTRINE COMMAND
FORT MONROE, VIRGINIA
Statistical Information
For the Report Period
1 April through 30 September 1997

DOD INSPECTOR GENERAL SEMIANNUAL REPORT TO THE CONGRESS		NAME OF ORGANIZATION HQ TRADOC Office of Internal Review and Audit Compliance Fort Monroe, Virginia		REPORT CONTROL SYMBOL RCS-IG (SA) AS OF 30 September 1997		
SCHEDULE 1 AUDIT, INSPECTION & INVESTIGATIVE ACTIVITIES - CIVILIAN AND MILITARY PERSONNEL STRENGTH*						
ORGANIZATIONAL ELEMENT	CIVILIAN		MILITARY		TOTAL	
	AUTHO RIZED (1)	ACTUA L (2)	AUTHO RIZED (3)	ACTUA L (4)	AUTHO RIZED (5)	ACTUA L (6)
1. AUDIT						
a. CENTRAL AUDIT **						
b. OTHER AUDIT/INTERNAL REVIEW***	63	65	0	0	63	65
c. CONTRACT AUDIT						
d. TOTAL AUDIT	63	65	0	0	63	65
2. INSPECTION						
3. INVESTIGATION						
4. TOTALS	63	65	0	0	63	65

SCHEDULE 2 AUDIT, INSPECTION & INVESTIGATIVE ACTIVITIES PROFESSIONAL AND ADMINISTRATIVE /SUPPORT PERSONNEL*						
ORGANIZATIONAL ELEMENT	PROFESSIONAL PERSONNEL		ADMINISTRATIVE/S UPPORT PERSONNEL		TOTAL	
	AUTHOR IZED (1)	ACTUAL (2)	AUTHOR IZED (3)	ACTUAL (4)	AUTHOR IZED (5)	ACTUAL (6)
1. AUDIT						
a. CENTRAL AUDIT **						
b. OTHER AUDIT/INTERNAL REVIEW ***	59	60	4	5	63	65
c. CONTRACT AUDIT						
d. TOTAL AUDIT	59	60	4	5	63	65
2. INSPECTION						
3. INVESTIGATION						
4. TOTALS	59	60	4	5	63	65

* Do not include augmented staff of some military components to supplement authorized strength. If information on augmentees is available, show as a footnote.

** Central Audit refers to the AIG-AUD, Army Audit Agency, Naval Audit Service, and Air Force Audit Agency.

*** Specify type of activity, e.g. internal review, military exchange, nonappropriated fund instrumentality.

DOD INSPECTOR GENERAL SEMIANNUAL REPORT TO THE CONGRESS	NAME OF ORGANIZATION HQ TRADOC Office of Internal Review and Audit Compliance Fort Monroe, Virginia			REPORT CONTROL SYMBOL RCS-IG(SA) FOR THE 6 MONTH PERIOD ENDING 30 September 1997	
SCHEDULE 3 OPERATING COSTS AUDIT, INSPECTION AND INVESTIGATIVE ACTIVITIES					
ORGANIZATIONAL ELEMENT	OPERATING COSTS (\$ IN THOUSANDS)				
	CIVILIAN PERSONNEL (1)	MILITARY PERSONNEL (2)	TRAVEL (3)	OTHER (4)	TOTAL SIX MONTHS COSTS (5)
1. AUDIT					
a. CENTRAL AUDIT *					
b. OTHER AUDIT/INTERNAL REVIEW**	1,907.1	0.00	52.1	57.6	2,016.7
c. CONTRACT AUDIT					
d. TOTAL AUDIT	1,907.1	0.00	52.1	57.6	2,016.7
2. INSPECTION					
3. INVESTIGATION					
4. TOTALS	1,907.1	0.00	52.1	57.6	2,016.7

* Central Audit refers to the AIG-AUD, Army Audit Agency, Naval Audit Service, and Air Force Audit Agency

** Specify type of activity, e.g., internal review, military exchange, nonappropriated fund instrumentality.

NOTE - AUDIT REPORTS ISSUED

FULL SCOPE	31
QUICK REACTION	39
STUDIES	11
FOLLOWUP	16
TOTAL	<u>97</u>

DOD INSPECTOR GENERAL SEMIANNUAL REPORT TO THE CONGRESS	NAME OF ORGANIZATION HQ TRADOC Office of Internal Review and Audit Compliance Fort Monroe, Virginia	REPORT CONTROL SYMBOL RCS-IG(SA) FOR THE 6 MONTH PERIOD ENDING (Enter Date) 30 September 1997
<p align="center">SCHEDULE 4* MONETARY BENEFITS BY FUNCTIONAL AREA ASSOCIATED WITH INTERNAL AUDITS (CENTRAL AUDIT, INTERNAL REVIEW & MILITARY EXCHANGE)</p>		
FUNCTIONAL AREAS (As defined in Chapter 6 of DoD 7600.7-M)	POTENTIAL MONETARY BENEFITS (\$ IN THOUSANDS)	
1. RESEARCH AND DEVELOPMENT		
2. TEST AND EVALUATION		
3. MAJOR SYSTEMS ACQUISITION		
4. PROCUREMENT - INVENTORY CONTROL ACTIVITIES		
5. PROCUREMENT - RESEARCH AND DEVELOPMENT		
6. PROCUREMENT - OTHER	11 760.0	
7. CONTRACT ADMINISTRATION	7 143.6	
8. FORCES MANAGEMENT		
9. MAINTENANCE AND REPAIR OF EQUIPMENT	38.0	
10. REBUILD AND OVERHAUL OF EQUIPMENT		
11. MANUFACTURING AND PRODUCTION		
12. SUPPLY OPERATIONS - WHOLESALE		
13. SUPPLY OPERATIONS - RETAIL	532.0	
14. PROPERTY DISPOSAL		
15. CIVILIAN PERSONNEL MANAGEMENT		
16. MILITARY PERSONNEL MANAGEMENT		
17. REAL AND INSTALLED PROPERTY	333.0	
18. CONSTRUCTION		
19. INFORMATION TECHNOLOGY		
20. INTELLIGENCE AND SECURITY		
21. COMMUNICATIONS		
22. TRANSPORTATION	12.0	
23. MILITARY PAY AND BENEFITS		
24. CIVILIAN PAY AND BENEFITS		
25. PROGRAM AND BUDGET		
26. OTHER COMPTROLLER FUNCTIONS	1 369.0	
27. SUPPORT SERVICES		
28. NONAPPROPRIATED FUND ACTIVITIES		
29. SECURITY ASSISTANCE PROGRAM		

30. COMMERCIAL ACTIVITIES PROGRAM	
31. INVESTIGATIVE SUPPORT	3.8
32. HEALTH CARE	
33. AUDIT COMPLIANCE SERVICES (FOLLOWUP)	4,116.0
34. OTHER	
35. TOTAL	25,207.4

* Data reported must conform to that reported pursuant to DoDD 7650.3. Include a separate schedule for reports reported in Part II of DoDD 7650.3, and a separate schedule for each category of other reports reported in Part V of the DoDD.